



DISCLOSING OPEBs IN YOUR FINANCIALS:

Where The Rubber Meets The Road

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GETTING STARTED

- Setting your assumptions
 - This is not your pension plan
 - You don't have history
 - There is no existing portfolio
- Consider your actions
 - Does it constitute an admission of vesting?
- Pay-As-You-Go
- Pay your ARC



DATA POINTS

- 10,426 Active Participants
 - 3,019 Safety
 - 7,407 General
- 4,159 Retirees
- System Closed July 1, 2005
- Covers Employee Only (no dependents)
- Annual Cap on Premium Paid
 - (approx. \$6,800 per year)
- Cap Increases by pre-established criteria



SAN DIEGO'S CALCULATION

- Completed as of June 30, 2005
- Used a 6% Rate of Return
- AAL
 - \$380.5 Million for Safety
 - \$597.9 Million for General
- 17.3% to 17.7% of Payroll
- ARC – \$115 Million
- Pay-As-You-Go
 - \$19.6 million 2007
 - \$54.4 million 2015



WHAT'S NEXT?

- Report results in CAFR
 - Transmittal letter for now
- Make a determination as to vesting
- Continue pay-as-you-go approach
- Build information into 5-year Financial Plan
 - Just one more decision point

